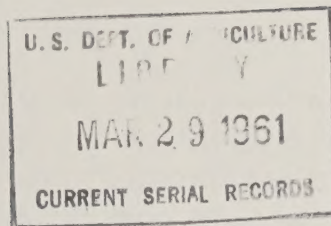


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The outlook for 1961 indicates that farmers' prices and incomes will remain at about the levels of the past 2 years.

Heavy supplies will continue the dominant feature in the agricultural situation next year. Demand for food in the United States will continue strong. Exports of farm products in 1960-61 are likely to equal or exceed last season's record volume.

Rising livestock production is expected in 1961. Cattle numbers, now in their third year of increase, probably will rise further, and marketings will increase. Hog production, down sharply this year, appears likely to turn upward next spring. Plans of farmers in leading Corn Belt States indicate moderately increased farrowings late this year and early next. Above average hog-corn price ratio this fall also points to likelihood of an increased pig crop next spring. Marketings are likely to stay below a year earlier until mid-1961, then rise above.

Increase in prices of poultry products this year is likely to be followed by higher production in 1961. Broiler and turkey production probably will top 1960 records. Egg output will run below a year earlier through spring . . . may rise above in the fall since next spring's hatch of chicks for laying flock replacement probably will increase. Milk production, up fractionally this year, may rise further in 1961.

Record production this year assures large marketings of crops well into 1961. If weather is average or better next year, crop production will be large again.

Heavy production of grains highlighted the 1960 crop season. Wheat crop exceeds probable disappearance by about 200 million bushels . . . carryover next July 1 probably will rise above $1\frac{1}{2}$ billion bushels -- a new record. Feed grain production, just a shade below 1959 record, probably will exceed use, and the carryover next October 1 probably will reach a record 82 million tons.

Cotton disappearance is expected to exceed production again in 1960-61, as exports continue high. Stocks next August 1 may be down about 600,000 bales from 1960 to less than half the 1956 peak of $14\frac{1}{2}$ million. Continued heavy exports also are likely to reduce rice stocks further.

Demand for food is likely to continue strong next year. Nation's output of goods and services dipped slightly this fall. Not much change is likely in the next several

months. Some further liquidation of manufacturing and trade inventories is likely. New plant expansion may level out, since supplies are generally large and plants are operating below capacity. On the other hand, greater availability of mortgage funds and possibly lower interest rates should contribute to some increase in home construction. Government expenditures -- Federal, State, and local -- are expected to increase.

Income of consumers is likely to continue high next year. Income has been running over 5% above a year earlier. Employment probably will be well maintained and further increases in wage rates and in government transfer payments are likely. With the population growing, food expenditures are likely to rise next year.

Record volume of farm products is likely to move abroad in 1960-61 fiscal year. Government export programs continue in effect, economic activity abroad is high, gold and dollar holdings in most industrial countries are large, import barriers against U.S. farm products have been lowered. Wheat exports may reach a record. Increases are likely for tobacco, soybeans, tallow, meats, hides, and dairy products. Exports of cotton, and vegetable oils will remain high. Declines are likely for lard, rice, feed grains, and horticultural products.

Little overall change in the level of farmers' prices is in the outlook for 1961. Cattle prices probably will be somewhat lower. Hog prices probably will stay above a year earlier until the last half of 1961, then fall below. Prices for eggs and dairy products are likely to stay above a year earlier into the spring. Broiler and turkey prices probably average lower for the year. Under present law, minimum price supports in 1961 would be near 1960 levels.

Upward climb in farmer's costs eased in 1960 . . . a generally stable situation is likely in 1961. Little change is expected in price farmers pay for industrial goods, because of the easing in inflationary pressures. Prices farmers will pay for livestock probably will average below 1960, prices for purchased feed about the same. But interest charges per acre, taxes on farm real estate, and farm wage rates may rise further.

Prospects for large marketings, and not much change in prices received or in prices paid, indicate little change in the realized net income of farm operators in 1961. This would continue the general stability of the past five years. Realized net income has been between \$11 billion and \$12 billion each year since 1954, except for 1958 when a sharp increase in farm production and a rise in prices boosted it to \$13 billion.